

BANK INDONESIA REGULATION
NUMBER : 7/11/PBI/2005
CONCERNING
ALTERATION ON BANK INDONESIA REGULATION
NUMBER 6/11/PBI/2004 CONCERNING BLANKET GUARANTEE
INTEREST RATE AND INTER BANK MONEY MARKET

GOVERNOR BANK INDONESIA,

- Considering :
- a. whereas to improve the effectiveness of monetary policy application, it is deemed necessary to make adjustment of the calculation to set the maximum blanket guarantee interest rate in the Inter Bank Money Market.
 - b. whereas regarding the abovementioned point, it is deemed necessary to improve the provisions on the maximum blanket guarantee interest rate in the Inter Bank Money Market as stipulated by Bank Indonesia Regulation Number 6/11/PBI dated April 12, 2004 Concerning Blanket Guarantee Interest Rate and Inter Bank Money Market;

- In view of :
1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic Indonesia of 1992 Number 31; Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia of 1998 Number 182; Supplement to the State Gazette of the Republic of Indonesia Number 3790);
 2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66; Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia of 2004 Number 7; Supplement to the State Gazette of the Republic of Indonesia Number 4357);

HAS DECREED:

To enact : THE BANK INDONESIA REGULATION CONCERNING ALTERATION ON BANK INDONESIA REGULATION NUMBER 6/11/PBI/2004 CONCERNING BLANKET GUARANTEE INTEREST RATE AND INTER BANK MONEY MARKET.

Chapter I

Several provisions in Bank Indonesia Regulation Number 6/11/PBI/2004 of 2004 concerning Blanket Guarantee Interest Rate and Inter Bank Money Market (State Gazette of the Republic of Indonesia of 2004 Number 39, Supplement to the State Gazette of the Republic of Indonesia Number 4383) shall be altered to be as follows:

1. The provision in Chapter 2 Article (4) shall be altered to be read as follows:

Article 2

- (4) The maximum Blanket Guarantee interest rate in US Dollar is set at the averaged fixed interest rate in US Dollar added or subtracted by a stipulated Margin at JIBOR member banks selected by Bank Indonesia one month earlier for certain period of time.
2. Elucidation to Chapter 2 Article (6) shall be altered and be written in the elucidation to this Bank Indonesia Regulation.
3. The provision in Chapter 7 shall be altered to be read as follows:

Chapter 7

- (1) A Bank shall be able to set PUAB interest rate on their own based on the market interest rate.
- (2) In relation to the Guarantee Program, to a Bank setting up PUAB interest rate higher than the stipulated maximum interest rate, the Government shall only

- 4 -

guarantee PUAB as much as the basic loan added by interest rate based on the stipulated maximum interest rate.

- (3) The maximum PUAB interest rate in Rupiah and US Dollar under Government guarantee shall be set at the weighted average PUAB interest rate overnight in Rupiah and US Dollar added and subtracted from certain Margin at JIBOR bank members selected by Bank Indonesia 1 (one) month earlier.

Chapter II

This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in Jakarta

On March 31, 2005

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

- 5 -

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2005 NUMBER 34

DPM